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March 1, 2004

The Honorable Mary Cottrell
Secretary
Massachusetts Department of Telecommunications and Energy
One South Station
Boston, MA 02110

**RE: D.T.E. 04-1 - An Investigation by the Department of
Telecommunications and Energy Regarding the
Assignment of Interstate Pipeline Capacity Pursuant to
Natural Gas Unbundling, D.T.E. 98-32-B - Comments
of the National Energy Marketers Association**

Dear Secretary Cottrell:

The National Energy Marketers Association (NEM) hereby submits these letter Comments on the Commission's inquiry into, "whether the upstream capacity market is sufficiently competitive to warrant the Department of Telecommunications and Energy's ("Department") allowing the voluntary assignment of interstate pipeline capacity rights by G.L.c.164 gas companies to other entities," pursuant to the Order Opening an Investigation Regarding the Assignment of Interstate Pipeline Capacity in the above-referenced proceeding. NEM recommends that the allocation of upstream pipeline capacity be optional.

NEM is a national, non-profit trade association representing wholesale and retail marketers of natural gas, electricity, as well as energy and financial related products, services, information and advanced technologies throughout the United States, Canada and the U.K. NEM's membership includes independent power producers, suppliers of distributed generation, energy brokers, power traders, electronic trading exchanges and price reporting services, advanced metering, demand side management and load management firms, billing, back office, customer service and related information technology providers. NEM members also include energy, risk management, financial trading and settlement related software developers as well as companies that are developing advanced power line technologies to enhance grid reliability as well as to deliver information and content over power lines.

NEM submits that upstream capacity should not be allocated on a mandatory basis. Rather, NEM suggests that a more appropriate course of action would be to provide a market-based framework for the availability of capacity. NEM recommends that marketers should have an option to purchase capacity up to the proportion needed to serve migrating customers with the ability to purchase more capacity if necessary to serve additional customers acquired in the future or for other commercial reasons.

NEM appreciates this opportunity to offer our comments and reiterates our commitment to working with the Department and other stakeholders to devise fair and effective ways to implement the competitive restructuring of Massachusetts natural gas markets.

Respectfully submitted,

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